

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7043**

**BILL NUMBER:** HB 1637

**NOTE PREPARED:** Feb 2, 2009

**BILL AMENDED:** Feb 2, 2009

**SUBJECT:** Funding for Foreclosure Counseling.

**FIRST AUTHOR:** Rep. Bardon

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill provides for an assessment on financial institutions designated as a depository of public funds for purposes of providing sufficient money to provide foreclosure prevention counseling and assistance programs.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** (Revised) *Summary* - The bill permits the Board for Depositories to impose an assessment on public funds depositories to provide sufficient money for foreclosure prevention counseling and assistance programs established under current statute. Revenue from the assessment would be deposited in the Home Ownership Education Account within the state General Fund, which provides funds for these counseling and assistance programs. The assessment would be in addition to the assessment that may be imposed by the Board under current statute for the Public Depositories Insurance Fund (PDIF). The PDIF assessment was suspended in 1985, but until that time it was a monthly fee not to exceed 2% of the sum of the minimum public fund balances that public funds depositories held during the month. The potential revenue from the additional assessment is indeterminable and depends on the basis and rate of the assessment determined by the Board. In FY 2008, the average daily balance in savings accounts at public funds depositories was about \$218.2 M and in certificates of deposit at public funds depositories was about \$230.6 M.

**Background Information** - Current statute permits the Indiana Housing and Community Development Authority to establish a program to provide free mortgage foreclosure counseling and education to

homeowners who have defaulted on or are in danger of defaulting on the mortgages on their homes. The program may include a toll free phone line homeowners can call to receive mortgage foreclosure counseling and education. Current statute also permits the Authority to award grants for training counselors and to establish standards for certifying counselors.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Board for Depositories; Indiana Housing and Community Development Authority.

**Local Agencies Affected:**

**Information Sources:** Annual Financial Report of the Treasurer of State - FY 2008, Fiscal Year 2008 Investment Summary Schedule A - Cash Basis.

**Fiscal Analyst:** Jim Landers, 317-232-9869.